

**Indiana Finance Authority (“IFA”)  
Lease Appropriation Bonds  
Convention Center Expansion Project**

**Request for Liquidity Provider  
1, 3, 5, and 7-Year Standby Purchase Agreement and/or  
Direct Pay Letter of Credit  
May 5, 2008**

**TERM SHEET**

Issuer: Indiana Finance Authority

Issue: Up to \$200,000,000  
Indiana Finance Authority  
Lease Appropriation Bonds (Convention Center Expansion Project)  
Series 2008A (the “Convention Center Bonds”)

Type: New Deal

Trustee: The Bank of New York Trust Company, N.A.

Underlying Rating: Unknown. However, the underlying ratings for the Stadium Bonds are the following:  
Aa3 (Moody’s), AA (S&P), AA (Fitch).

Security:

**Convention Center Bonds**

The Convention Center Bonds will be **special, limited obligations** of the IFA, payable solely from and each secured exclusively by a pledge to the Trustee of the Trust Estate, including all moneys obligated to be paid to the Trustee pursuant to the Revenue Deposit Agreement, the Lease and the Sublease, and the earnings thereon and all the proceeds thereof.

- **Loan Agreement.** The IFA will loan the proceeds of the Convention Center Bonds to the Indiana Stadium and Convention Building Authority (the “Building Authority”) pursuant to a Loan Agreement for purposes of financing the costs of the Convention Center Expansion Project.
- **Lease Agreements.** Pursuant to a lease agreement (the “Lease”), the Building Authority will lease the Convention Center Expansion Project to the Indiana Office of Management and Budget (“OMB”) who, in turn, has will sublease the Convention Center Expansion Project to the Capital Improvement Board of Managers of Marion County (the “Board”) pursuant to a sublease agreement (the “Sublease”).
- **Payment of Rentals under the Lease and the Sublease:**
  - (i) Prior to completion of the Convention Center Expansion Project, will be payable **solely from rental payments received by OMB from the Board pursuant to the Sublease**, and
  - (ii) After completion of the Convention Center Expansion Project, will be payable from
    - (a) **Rental payments received by the Building Authority from the OMB pursuant to the Lease.** Moneys appropriated by the General Assembly of the State at the request of OMB on a biennial basis; and
    - (b) **Rental payments received by OMB from the Board pursuant to the Sublease.** Rental payments received by OMB from the Board under the Sublease shall act as a credit for rental payments due the Building Authority from OMB under the Lease and, to the extent of such credit, any appropriation of the General Assembly to make such payments shall no longer be encumbered for such purpose and shall

revert to the fund for which the appropriation was originally made.

- **Rental Payments under the Sublease** (Also known as **Local Revenues**). Under the terms of the Sublease, rental payments required to be paid by the Board to the OMB shall be made from (1) the 2005 New Excise Tax Revenues, (2) Professional Sports Development Area Fund (the “PSDA Fund”) Revenues, (3) certain Fees and (4) all other Revenues pledged under the Revenue Deposit Agreement to the Deposit Trustee. (*See attached Official Statement for further details.*)
- **Moral Obligation (State Appropriation Mechanism)**. The IFA shall certify to the General Assembly the moral obligation of the State to pay the aggregate of all termination payments, and any interest thereon, owed to the 2005 Qualified Hedging Contract Providers in an amount not to exceed the Termination Reserve Requirement. (*See attached Official Statement for further details.*)
- **Official Statement**. The Official Statement attached hereto is current only as of its date. There can be no assurance that there has been no material changes in the affairs of the IFA, the State of Indiana or any other person described in the Official Statement subsequent to its date. Additional information may be included in the annual reports, if any, which have heretofore been filed pursuant to the continuing disclosure obligations described in the Official Statement.

Timeline:

RFP Submitted: May 5, 2008  
Bids Due: 12:00 noon, Eastern Time, May 19, 2008  
Award Date: On or about May 23, 2008  
Expected Closing Date: August 2008

Bond Counsel:

Barnes & Thornburg LLP

Attachment:

- Official Statement, Lease Appropriation Bonds (Stadium Project), Series 2005A and 2007A
- Standby Bond Purchase Agreement

### **Bidding Requirements**

The IFA is contemplating issuing all or a portion of the Convention Center Bonds as uninsured variable rate demand bonds.

The IFA will accept bids for the following: (1) Uninsured Standby Bond Purchase Agreement (“SBPA”) on Convention Center Bonds and/or (2) Irrevocable Direct Pay Letter Of Credit (“LOC”) on uninsured Convention Center Bonds. A separate fee table (provided below) should be completed for each Facility.

In choosing the winning bid, the IFA intends to take into account the different trading levels of the Bonds as determined by the IFA with its financial advisors. The IFA will also consider the effect of multiple proposals and other factors the IFA deems appropriate. Notwithstanding any other provision contained herein, the IFA reserves the right (i) to reject any and all bids; (ii) to waive any requirement set forth herein or any irregularity contained in any bid received; (iii) to modify the terms of the proposal process; and (vi) to accept any bid deemed to be in the best interests of the IFA.

**A. Proposed Fees:** Please quote your proposed annual fees in basis points and provide a fee structure based upon the Facility amount (assumed to be paid quarterly in arrears).

Please indicate the rate index or indices to which the Facility will be tied for purposes of calculating the interest to be paid on advances, if any.

#### **Fee Table:**

Bonds:	
Commitment (US \$ million)	
(Annual Fee in basis points)	
Term: (364-day)	
Term: 3 years	
Term: 5 years	
Term: 7 years	
Drawing Fee, if any	
Drawing Rate	
Other Fees	
Rate Index:	

**B. Bank Information:** Banks meeting the minimum ratings mentioned below and bidding on one of the options above are herein referred to as the “Bank.” Please provide the Bank’s short-term and long-term credit ratings over the past three years. The Bank must furnish disclosure information for inclusion in the Offering Memorandum(s), together with certifications from the Bank and opinions from Bank’s counsel in a form acceptable to the IFA and its Remarketing Agents.

The minimum ratings are as follows: Long-term ratings of at least Aa3 from Moody’s Investors Service (“Moody’s”) or AA- from Standard & Poor’s Ratings Services (“S&P”), together with short term ratings of at least VMIG1 from Moody’s or A-1+ from S&P. If rated by Fitch, AA- or better together with a short-term rating of at least F1+.

Short-Term and Long-Term Credit Rating:

At Present _____	At Present _____
As of 1/1/07 - _____	As of 1/1/07 - _____
As of 1/1/06 - _____	As of 1/1/06 - _____
As of 1/1/05 - _____	As of 1/1/05 - _____

**C. Legal Opinions/Bank Counsel:** The IFA and the Remarketing Agents will request legal opinions from counsel to the Bank relating to the enforceability of the Facility from its U.S. counsel and foreign counsel (in the case of foreign banks). Please provide us with your choice of Bank Counsel and the name of the lead attorney. The IFA reserves the right to disapprove the choice of Bank Counsel.

Detailed fees and expenses of **a single** law firm acting as counsel for the selected Bank(s) will be reimbursed by the IFA in an amount not to exceed \$30,000. Joint proposals (syndicate bids) may have legal fees in an amount not to exceed \$35,000. The IFA will pay fees of outside foreign counsel in an amount up to \$2,500 if a foreign counsel opinion is required. No reimbursement will be made for in-house foreign or domestic counsel regardless of whether they are rendering opinions. No other fees and expenses of the Bank(s) in connection with the issuance of the Liquidity Facility will be paid or reimbursed by the IFA.

**D. Documentation:** By submission of its proposal the bidder will be committed, subject to necessary bank credit approval, to enter into a Standby Bond Purchase Agreement in substantially the form of the attached Standby Bond Purchase Agreement, dated as of March 1, 2008, entered into between the IFA and several banks in connection with the conversion of the interest rate modes of the IFA’s 2005 and 2007 Stadium Bonds. Changes may be made to such agreement as are necessary for an agreement relating to insured bonds if the Convention Center Bonds are insured by a monoline bond insurer. If a Letter of Credit is utilized, the IFA will negotiate terms with the selected provider(s). The IFA will not incur any liability to a Bank unless and until an agreement is executed by the parties. The executed agreement will constitute the full and only agreement among the parties. If for any reason an agreement is not executed and delivered, the Bank will have no recourse against the IFA, Bond Counsel or the Trustee for any expenses incurred or damages sustained.

**E. Syndication:** If this submission is as a lead or agent on behalf of a syndicate of banks, please provide the name, as well as the tentative participation percentage, of each member of the syndicate.

<b>Liquidity: Convention Center Bonds</b>	<u>Name of Bank</u>	<u>Participation Percentage</u>
Lead or Agent		
Member		
Member		
Member		
Member		
Member		
Member		

<b>LOC: Convention Center Bonds</b>	<u>Name of Bank</u>	<u>Participation Percentage</u>
Lead or Agent		
Member		
Member		
Member		
Member		
Member		
Member		

**F. Terms:** Provide a Summary of Important Terms or Conditions Required, if any.

**G. Draws:** Describe Repayment Terms for Draws.

**H. Disclaimer:** The IFA retains the right to reject any and all bids and to acquire a Facility for all or a portion of the Bonds.